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ONTARIO'S  
INTERNATIONAL RELATIONS  
  
A PERSPECTIVE  
  
VOLUME II – 1984/1985



Ministry of  
Intergovernmental  
Affairs

Ontario

February 1985



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# ONTARIO'S INTERNATIONAL RELATIONS A PERSPECTIVE VOLUME II – 1984/1985

*Tom Wells*  
THE HONOURABLE TOM WELLS, M.P.  
Minister




Ministry of  
Intergovernmental  
Affairs

Ontario

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Intergovernmental  
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January 30, 1985

I am very pleased to present this year's review of international relations from the perspective of Ontario.

The intention is to provide an overview of the Province's varied external initiatives and reaction to world political and economic events. As a result of the direct impact on the province of such developments, there is a growing appreciation of the need to understand these issues.

My Ministry's International Relations Branch seeks to provide information and assistance to other Ministries and agencies regarding their foreign activities. I am confident that the 1984 review will contribute to these efforts.

A handwritten signature in dark ink that reads "Tom Wells".

The Honourable Thomas L. Wells,  
Minister







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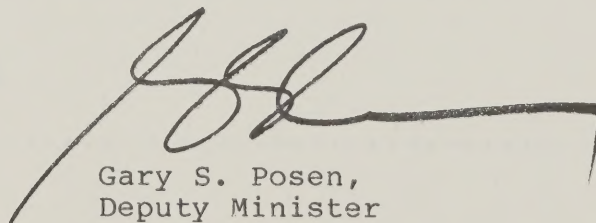
Queen's Park  
Toronto, Ontario

January 30, 1985

This is the second annual statement of Ontario's international relations prepared by the Ministry of Intergovernmental Affairs.

The 1983 edition outlined the Province's numerous external interests and activities on the basis of particular subject areas. While many of the questions discussed previously remain points of concern, this year's statement uses a geographical perspective focussing largely on the three main areas of Ontario's international trading interest, the United States, Western Europe and the Pacific Rim. In briefer form, it also touches on Ontario's relations with Latin America, the Caribbean, the Middle East, Africa and Eastern Europe.

Once again, I invite readers to provide comments toward improving the review in future years. Similarly, inquiries concerning Ontario's external activities are most welcome.



Gary S. Posen,  
Deputy Minister





# ONTARIO'S INTERNATIONAL RELATIONS

## A PERSPECTIVE

VOLUME II - 1984/85

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## I – SUMMARY AND OUTLOOK

### Overview of world economic trends

**The impact of the world recession** has been dramatic throughout the Western industrialized countries, albeit to varying degrees. As they slowly emerge from its effects, attention remains focussed on the lingering problems of high unemployment, protectionism and Third World debt. From its peak of 13.6 per cent in 1980, inflation among these nations has been reduced significantly. Despite this improvement, the various national budget deficits remain high and interest rates have shown instability. Exchange rates are potentially volatile, especially given the high value of the American dollar.

Essentially the question today is not so much one of overcoming a recession, but rather of how to maintain existing growth in light of some very major obstacles:

- **The unemployment situation among O.E.C.D. members**, especially in Western Europe, has shown little improvement in spite of the economic recovery. O.E.C.D. reports indicate that with the exception of the United States, and to a lesser extent Japan, the recovery will continue to be slow and fragile.
- **The United States now faces the task of reducing its extraordinary budget and trade deficits** and must continue to balance the internal and external forces of protectionism and free trade.
- **Although an apparent willingness to work towards freer trade has been expressed repeatedly by Western leaders, the reality has been a movement to increased protectionism.** From 1981 to 1983 the dollar value of world trade actually decreased. In May 1983 Western leaders at the Ninth Economic Summit Conference advocated economic growth, reduced unemployment, expanded world trade and resistance to protectionist measures. Over the next year, however, very few concrete steps were taken by the participating countries to reduce trade barriers. The June 1984 Summit in London reiterated the call to reduce barriers and expand trade, in addition to combatting inflation, high interest rates and budget deficits. Despite the good intentions, these problems are expected to persist for the foreseeable future.
- **Protectionist trends are also apparent among the newly industrialized countries.** Their growing economic influence and ability to reciprocate with trade barriers against their more advanced partners is rapidly increasing, particularly among the Pacific Rim nations.
- **As of the end of 1983 the combined debt of Third World countries exceeded \$700 billion**, of which 40 per cent was owed by Brazil, Mexico, Venezuela, Argentina and Chile. American and Canadian banks are prominent among the creditors to whom these funds are owed.

### Impact on Ontario and the Provincial Reaction

While recognizing the primary leadership position of the federal government, the Province has a crucial interest in playing an active role at the international level, whether regarding economic and environmental concerns with the United States, quotas on automobile imports from Japan, or the establishment of a twinning relationship with a province of the People's Republic of China.



**Recent examples of the impact of international developments are numerous:**

- **The levels of unemployment and inflation in Ontario are directly linked to the Canadian and world economies.** The recovery here has been beneficial; but, as indicated, to a lesser extent than in the U.S. Higher interest rates and the increase in the American dollar may have benefitted Ontario's exports to the U.S.; but, they have also resulted in a loss of foreign investment and therefore higher unemployment.
- **Issues in the U.S. that require the Province's ongoing attention** include the protectionist mood in Congress, various transborder issues and the Reagan Administration's attitudes on environmental problems.
- **Economically, Ontario is dependent upon markets** throughout the rest of Canada, the U.S. and the world. One third of the Province's wealth depends upon exports. Therefore protectionist policies in any potential or existing export market, or deviations from GATT principles involving multilateral trade, must be monitored.
- **Ontario's desire to increase exports to the newly industrialized countries must overcome their growing protectionism.** Furthermore it will be difficult to penetrate further these lucrative markets while Canada and Ontario maintain their own domestic content requirements and import restrictions. The alternative of lifting these restrictions could jeopardize jobs in domestic industries. This dilemma clearly illustrates the direct link between internal and foreign considerations.
- **The question of Third World debt** not only concerns the specific Canadian lending institutions involved, but it has the potential to seriously disrupt the entire Western economic system.

Overall there is a pressing need to expand Ontario's export markets at a time of intense competition and rising protectionism throughout the world. During the last year the Province's international activities have been focussed on developing trade and Ontario's overseas offices operate with this objective in mind. Similarly, the frequent trade missions, educational and cultural exchanges, and various official visits to Ontario by foreign dignitaries and officials give substance to our relations with existing and potential economic partners.

## **Outlook**

While speculation about the future is difficult, certain world economic trends can be expected to continue and suggestions about appropriate provincial action can be made. In addition to the comments included within each geographic section, the following are some brief, general observations about the international outlook from Ontario's viewpoint:



- **World-wide protectionism will persist, thereby further hindering growth.** As an active exporter, Ontario has much to gain from a freer multilateral trade situation. The debate on sectoral free trade and closer relations with the U.S. will remain a major issue.
- **Co-ordinated efforts by Ontario and the federal government to achieve more favourable U.S. policies on environmental issues must be maintained,** although progress will continue to be difficult to achieve.
- **It is expected that the contest in the U.S. between a generally free-trade, deregulatory Administration and a protectionist Congress will persist.** Ontario's attention will be focussed on the resulting debate, as well as on the stated objective of the two federal governments to improve bilateral relations.
- **Western Europe's economic difficulties** and the growing protectionist policies of the European Community present difficulties for developing Ontario's export opportunities in the area. Nevertheless the market has not been exhausted and efforts to expand relations should be maintained.
- **Concerning the development of Pacific ties,** current moves to formalize relations with China's Jiangsu Province, the very productive efforts of the Province's overseas offices, including the announcement to open an office in Singapore, and provincial participation in the activities of the Asia Pacific Foundation demonstrate the necessarily innovative approach taken to expand this market. Greater attention must also be paid to broadening educational and cultural contacts, given the growing importance and our relative ignorance of this region.

In light of these anticipated trends, over the course of 1985 Ontario can be expected to carry out its international activities through various means:

- **Sales to each of the Province's existing and potential export markets will continue to be pursued aggressively.**
- **Efforts to co-ordinate trade policies and programs with the federal government will continue.**
- **Co-operation with Ottawa** will also be maintained regarding Ontario's involvement in multilateral organizations and foreign aid programs, as well as such issues as natural resources, communications, transportation, agriculture and energy.

- **The need to achieve greater influence in the United States**, to ensure that the Province's specific interests are represented, will be seriously addressed during the coming year. Plans to provide corporate management of Ontario's many interests in and connections with Washington, D.C. will be considered.
- **Consideration is being given to looking at ways of strengthening our activity in the Federal Republic of Germany.**
- **Efforts will continue to be made to develop Ontario's image where knowledge of the Province is limited.** The further initiatives of the Ontario International Corporation and the promotion of the Province's cultural activities in these regions will be pursued.
- **The twinning agreement between the Provinces of Ontario and Jiangsu is expected to be signed** by the Premier and Governor in 1985. This will create opportunities for Ontario not only in Jiangsu, but throughout the People's Republic of China.

## **II – THE UNITED STATES**

### **Trade and the Economy**

#### **The Context**

Throughout 1983–84, Ontario faced a United States which, while buoyed by a strong short-term economic recovery, remained wary and defensive in its foreign trade relations. Ongoing areas of concern are as follows:

- The high budget deficit has been a major issue, particularly in the U.S. presidential race. The deficit is a problem for both the Administration and the country's trading partners.
- The strength of the U.S. economic recovery pushed up interest rates, with subsequent pressures on the flow and availability of capital.
- The U.S. trade deficit reached a record US\$120 billion 1984, a substantial increase from the 1983 figure of US\$70 billion. To a large degree the increase in imports resulted from the economic recovery and the accompanying strength of the U.S. dollar.
- The drop in U.S. exports hurt income and employment in the trade-dependent sectors and increased demands for protection in basic industries such as steel and automobiles. Canada may not be the direct target of U.S. protectionism; but, as that country's largest trading partner, we suffer the consequences. This is particularly true for Ontario, given the importance of the U.S. market.
- U.S. unemployment fell from a recession peak of 10.3 per cent to 7.5 per cent in 1984, but remained high in a broad band of influential states adjacent to Ontario, including Michigan, Illinois, Ohio, Pennsylvania and New York.
- Despite the recovery, there remains strong concern that the U.S. industrial base has not undertaken the re-investment and modernization programs needed to ensure its international competitiveness.

At the political level, the U.S. response to these economic difficulties has been to offer both the carrot of free trade and the stick of protectionism. Both approaches are based on the American perception that while that country has adhered to the post-war consensus on the value of the international trading system, its trading partners have abused the system by introducing non-tariff barriers, hidden subsidies and other unfair advantages.

Protectionist sentiment is strongest in the Congress where a number of measures introduced in 1983-84 threatened Ontario exports. These include:

- Domestic content for automobiles, steel quotas, strengthened "Buy America" legislation, demands for reciprocity in the treatment of investors, and amendments to U.S. trade law to make it easier for American companies to use anti-dumping and countervailing provisions.

While the Reagan Administration has occasionally succumbed to protectionist forces, in contrast to the Congress, its basic policy has been to encourage free and fair trade on a bilateral and multilateral basis. In recent years measures affecting trade and investment have signalled that Canada may not be exempt from general U.S. policy actions. The health of the U.S. economy and the Administration's economic policies are key influences on our domestic policy-making.

#### **Ontario/U.S. Relations**

The uncertainty of Canada's economic ties with the U.S. has led Ontario to assign an especially high priority to our bilateral relations. The Province has been more active in seeking out forums to promote its interests and enhance its image in the U.S. Over the past year, ministers and senior officials undertook a number of activities to demonstrate the significance of the Ontario-U.S. relationship.

- Premier Davis visited Washington in February 1984 and met with the Secretaries of Commerce and Agriculture and with the Principal Deputy, Office of Special Trade Representative. The visit was intended to explore the prospects for U.S. protectionist legislation, to re-confirm Ontario's position on environmental issues, and to discuss the U.S. economic and budgetary outlook.
- The Honourable Tom Wells, Frank Miller, Andy Brandt and Alan Pope visited major cities throughout the U.S. to promote and explain Ontario's interests.
- The Province is participating more actively in state forums, such as the Council of Great Lakes Governors and the Midwestern Governors' Conference in an effort to reinforce important links in the resource, economic and trade areas.
- In response to American concerns that Ontario wine pricing practices were not fully consistent with GATT obligations, the special handling charge on wine was removed in 1983.
- With the advice and support of provincial ministers and officials, the Ontario cement industry won the repeal of a 25 per cent "Buy America" preference on cement used in highway construction. The Ministry of Industry and Trade has supported the steel industry in the same way in its efforts to avoid the imposition of quotas on U.S. steel imports. A major step towards resolving this question was President Reagan's rejection in September of the recommendation to impose global quotas. This issue is still of concern, given the quota legislation pending in Congress.



- In 1982, Canada and the U.S. signed a five-point agreement to establish a consultative mechanism for the trucking industry. Irritants arising from differences in the respective systems can now be addressed before they reach the political arena. Ontario is moving towards a less restrictive regulatory system and has publicly reaffirmed its commitment to the agreement.
- In order to improve Ontario's representation in the U.S., contacts were made with American specialists and consultants in Washington, thereby supplementing the information and advice available from the Canadian Embassy.
- Ontario's trade office in New York was upgraded to the status of Agency General, with John G. Dunlap, Q.C., appointed to the new position of Agent General. New trade offices were opened in Boston, San Francisco and Philadelphia.

### **The U.S. Outlook**

For Ontario, the major points of interest in the U.S. relate to economic and industrial development policies. Increasingly, the budgetary deficit and the question of tax increases have become key issues. Thus far the Administration has failed to lower the deficit despite some success in reducing government spending. A slowdown in economic growth will keep the deficit debate in the spotlight, not only in the U.S., but also in Canada and Ontario.

The President, whose political base is in the economically competitive Sunbelt states, has argued that Reaganomics has been the successful catalyst for economic recovery. He is expected to continue to oppose any major "industrial policy" and to advocate a small-government, hands-off approach as the best way to steer resources into advance manufacturing and service enterprises where the U.S. is best able to compete internationally.

For Ontario, the U.S. debate on industrial policy boils down to the question of the future economic health of our major trading partner. Regardless of the growth prospects for the U.S. Sunbelt, the continued decline of the Snowbelt would have significant policy implications for the Province. A decline in the market that is conveniently accessible would harm Ontario exporters. If the Snowbelt becomes less influential politically, the U.S. might conceivably be less open to increased economic cooperation with Canada.

The promotion of trade with the United States remains a primary concern. It requires that while aggressively developing new markets and further diversifying our exports, existing markets and exports be maintained. At the same time, the Province should seek to ensure that our trade policy stance considers American concerns about fairness and compliance with international obligations. Furthermore, Ontario should actively participate in the debate on the value of a closer economic relationship with the United States and on the implications of such a relationship for Canadian sovereignty.

## **Environment and Resources**

### **The Context**

The tone of the United States towards environmental issues wavered significantly in 1983-84. Initially the President sought to neutralize his critics with the appointment of William Ruckelshaus to the Environmental Protection Agency (EPA) and William Clark as Interior Secretary. He charged Ruckelshaus with addressing the acid rain problem as one of his top three priorities. By January 1984 however, the President had decided that not enough is known to design an effective acid rain control strategy. The U.S. acid rain research budget was therefore doubled to US\$55 million, without any immediate action being taken to reduce emissions. Regional tensions continued regarding the source of acid rain and who should pay to control it. Midwestern congressmen hoped that a nation-wide tax would be enacted to finance any emission reductions, while New York and New England congressmen argued that the cost of abatement should be borne by the polluters.

U.S. interest in the harmful effects from toxic waste disposal sites grew substantially during the year in response to specific incidents in Missouri, California and New Jersey, and in acknowledgement of reports confirming the existence of hundreds of potentially hazardous sites throughout the country. In January 1984 Reagan announced his support for an extension of the Superfund of money available for abatement at these sites and proposed a 30 per cent increase in Superfund for fiscal 1985, to US\$640 million.

Along the Niagara River, progress towards abatement remained slow. The International Joint Commission reported preliminary information suggesting a possible break in the ten-year downward trend of chemical contamination in Lake Ontario.

The fresh water resources of the Great Lakes-St. Lawrence system have recently become the subject of greater attention. While the U.S. government has never supported long-distance water transfer, there is increasing concern among the Great Lakes states that the water export issue is no longer dormant.

### **Ontario/U.S. Relations**

#### **Acid Rain**

In the environment and resource area, Ontario works with the federal government to maintain lines of communication with the Reagan Administration. At the same time the Province pursues a variety of other channels to ensure maximum effectiveness in influencing U.S. policy and reducing acid rain:

- Premier Davis and Environment Minister Andy Brandt met with Administrator Ruckelshaus in Indianapolis in November 1983, and with senior EPA officials in Washington in February and March 1984, to underscore Ontario's interest in the U.S. review of its acid rain policy. The Province was also in contact with Congressional leaders on an on-going basis in this regard.

- The Environment Minister signed agreements with his counterparts in New York and Minnesota to cooperate in promoting acid rain research and abatement, and officials held discussions on related agreements with Michigan and Ohio.
- In March 1984 the growing international concern with acid rain was highlighted at a conference of environment ministers from the Canadian federal and provincial governments and nine European countries. These parties agreed to reduce their sulphur dioxide emissions by 30 per cent or more.
- While continuing to hope for a coordinated Canada-U.S. abatement program, federal and provincial environment ministers agreed in March to expand Canada's unilateral program to achieve a 50 per cent reduction in sulphur dioxide emissions by 1994.

#### **Great Lakes Water - Quality and Quantity**

In the Niagara River, Ontario seeks to ensure that adequate abatement measures are taken by the U.S. for Niagara frontier waste sites. Discussions with the U.S. Administration and the Canadian government resumed on establishing a formal mechanism whereby Ontario's concerns could be expressed to senior American officials. In June 1984 representatives from Ontario and the Canadian and U.S. governments met in Washington to discuss the nature of Canadian technical involvement on Niagara River issues. They authorized the Niagara River Bilateral Consultative Committee to develop new terms of reference and to continue meeting.

Meanwhile, the U.S. District Court in Buffalo granted Ontario status to intervene in the case involving a proposed settlement on abatement at the S-area site. Ontario made a strong legal case for rejection of the settlement agreement as proposed, pointing out that while the containment proposed might work in the short term, it is not a satisfactory long-term solution.

Over the past year interest has grown among Great Lakes states in working together, and with Ontario and Quebec, to promote the interests of this region. This development reflects the view that the fresh water resource in the Great Lakes is a unique advantage which, if protected, can attract a wide range of water-dependent industries to the region. Ontario and the Great Lakes states have initiated a number of activities to preserve and promote this advantage:

- Premier Davis was the guest of the Council of Great Lakes Governors at their meeting in Indianapolis in November 1983 during which he exchanged views with the governors on water-related issues.
- Ontario and Great Lakes states agreed that no further diversions of Great Lakes water to states outside the basin should be implemented without the consent of all the jurisdictions bordering on the basin.
- A task force representing the area's states and provinces was established to evaluate the existing Great Lakes institutions and determine their ability to resist or regulate diversions of the water.



- Reflecting Ontario's concern about the impact of increasing demands for Great Lakes water, the Ministry of Natural Resources organized a major conference in June 1984. Several hundred scientists, academics and government representatives from the U.S. and Canada met in Toronto to discuss water quantity issues and the need to develop a basin-wide management strategy.

## **The Outlook**

The task of protecting and promoting Ontario's environmental resources remains a major challenge. Regarding acid rain, a substantial effort will have to be maintained to convince the United States to respond to Ontario's call for reduced sulphur dioxide emissions in the next year or two. There exists a perception that any effective abatement program would economically incapacitate the industrialized Midwest. That area's electoral votes are vital to any presidential candidate, and its representatives in the House are numerous enough to obstruct Congressional action. Positions have hardened in a way that limits the possibilities for flexible or incremental abatement programs.

The U.S. is expected to maintain as a priority the clean-up of the hundreds of suspected toxic waste sites. While this is a welcome development, it raises the question of how to ensure that a suitably high priority will be assigned to those particular sites which threaten water quality in Ontario. There also remains a need to develop a bilateral arrangement by which each country can express its concerns about the environmental problems of the Niagara region. Finally, the growing interest in regional cooperation among the Great Lakes states will present opportunities for discussion on the future use of this water resource and the region's economic development.



### III - WESTERN EUROPE

#### **The Context**

Western Europe is experiencing a period of harsh economic conditions as the recovery there has failed to keep pace with that in North America. High levels of unemployment and problems with their industrial infrastructure have continued to plague the European Community nations. More specifically:

- Lagging technology and the failure of industries to modernize have resulted in slow growth.
- Severe competitive pressures between trading nations have given rise to both protectionism vis-à-vis the rest of the world and commercial irritants within the EC.
- The persistently high levels of unemployment in most European countries have increased pressures on government to protect jobs and industries through non-tariff barriers or export subsidies.
- The recent strength of the U.S. dollar, while helpful in terms of exports and tourism, has greatly increased the cost of imported goods.

These difficulties have led to tension both internally and between the European Community and its major trading partners. Within the EC the financial crisis has been so severe that during 1984 some analysts suggested that the body is on the verge of bankruptcy. The Community spent the year grappling with the financing of its budget. The Common Agricultural Policy (CAP) is pushing the Community beyond its fiscal capacity, largely due to the excessive subsidies granted to farmers. Britain and, to a lesser extent, West Germany have pressed for stricter fiscal control to ease this situation.

The UK has demanded budget rebates as compensation for making what it believes were unfair payments in the past. It has repeatedly refused to approve agricultural subsidies to farmers unless its own budget rebate is granted. Following a series of difficult negotiations, the UK budget rebate was finally released in October 1984. However, any meaningful reform of the CAP has again been postponed and the issue of long-term budget discipline has not yet been resolved. Similarly, agreement has not been reached on increases in member-state contribution to the budget. A solution to these problems is urgently required in order to ensure the credibility and viability of the Community.

A more immediate task concerns the expected entry of Spain and Portugal into the Community. The economic impact of this expansion on these two countries could be tremendous and much negotiation has been required. The level of agricultural and industrial development in Spain and Portugal, as well as newly-joined Greece, is far behind that of the current members. Enlargement will result in a significant expansion of the agricultural sector in the EC, thereby placing further financial strain on the CAP. Although discussions with Spain and Portugal have resulted in a broad informal agreement, a number of problem areas remain. Despite this, the target entry date of January 1986 is expected to be met.

In 1984 there were some significant changes in the **European Parliament**. The June elections resulted in a small reduction in the strength of the nationally governing parties. The Parliament retained its centre-right weighting with a slight increase in Socialist representation. Low voter turn-out likely reflected the general indifference towards active participation in the European Community. In August, the Parliament elected a new president, Mr. Pierre Pflimlin; Mr. Jacques Delors became the new President of the European Commission, the bureaucracy of the Community. Changes in the make-up of the Commission are expected to bring about new policy directions.

Individual member states within the Community have faced serious challenges over the past year. In the **United Kingdom**, the popularity of the British Prime Minister has frequently been tested following a landslide victory in 1983. The prolonged strike by coal miners has led to violence and troubled government-labour relations. In addition, serious acts of terrorism have occurred, including the attempted assassination of the Prime Minister and the Cabinet. In terms of the economy, British unemployment and inflation are worsening, despite more rapid growth relative to other European countries. Unemployment is at 11.75 per cent while inflation has climbed to five per cent.

In **France** President Mitterand's popularity fell to an all-time low. In July, Mitterand confirmed his intention to shift France towards the political centre and appointed Mr. Laurent Fabius as the new Prime Minister. By mutual agreement with the Communist Party, its members were excluded from the new Cabinet. Mr. Fabius, a loyal Mitterand supporter, is continuing the government's deflationary program, including a reduction in the French budgetary and trade deficits and a commitment to industrial modernization, with the focus on entrepreneurship. In spite of the political changes, discontent over rising unemployment and inflation resulted in widespread industrial unrest. Indications are that the centrist and rightist parliamentary opposition could achieve a majority in National Assembly elections in 1986. This will increase the pressure on Mitterand and his Cabinet.

In 1983 **West Germany** underwent a change of government as the Christian Democrats under Helmut Kohl defeated the Social Democratic Party which had held power for 14 years. Throughout 1984, the government remained reasonably popular in spite of a series of ministerial scandals. While economic growth has lagged due to strikes in the automotive industry, the inflation rate, the lowest in Europe, is less than two per cent. With unemployment at about 8.25 per cent, new legislation to reduce the work week and allow for more flexible working hours is expected to ease the situation.

**Italy** also had a change of government in 1983. A coalition of parties led by a Socialist, Mr. Bettino Craxi, has retained power for over a year, a major accomplishment in Italy which has had 44 coalition governments since 1945. Despite strong opposition from the Communists, Mr. Craxi has pushed through some much needed economic and political reforms, with mixed results. Economic growth continues to falter at less than 1.5 per cent; unemployment is now at 10.5 per cent. Inflation has declined from 20 per cent in 1982 to an estimated 10.9 per cent in 1984.

**Belgium's** Prime Minister Wilfred Martens leads his fifth centre-right coalition government since 1979. The country is continuing to shift from a highly

centralized government to a more decentralized federation as a result of constitutional reforms made in 1980. The Flemish and Walloon communities are pressing for increased political and financial independence. Following the introduction of economic reforms in 1982, the rate of inflation dropped to 6.3 per cent in the fall of 1984, although unemployment remained high at 14.8 per cent.

The **Netherlands** is governed by a coalition government led by Christian Democrat Mr. Rudolph Lubbers. His top priority has been an economic austerity program which has produced only sluggish recovery. In the fall of 1984, unemployment fell for the first time in seven years to 15 per cent, still among the highest in the industrialized world. The 2.8 per cent rate of inflation is one of the lowest in Europe. Politically, the deployment of U.S. nuclear missiles in Holland has divided the country and threatened the stability of the government. A final decision on the issue will not be made until November 1985.

### **Ontario's Interests**

Western Europe remains vitally important to Canada and Ontario. In spite of its internal difficulties, the European Community constitutes the world's largest trading bloc and is a politically stable area of low risk for investors and exporters. Canadian exports to the EC in 1983 totalled \$6.8 billion, with imports valued at \$6 billion. Canada's share of the West European market is less than one per cent, with potential for improvement. EC direct investment in Canada is more than \$10 billion while Canadian investment in Europe is \$4 billion. There is an especially strong market in communications and electronics, areas where Ontario excels and is building a reputation.

While relations with the EC have generally been healthy, the members' preoccupation with their internal economic problems has detracted from interest in relations with Canada. The Framework Agreement, while not always leading to immediate business agreements, does provide the opportunity for semi-annual discussions. Irritants are then reviewed and potential new areas of cooperation can be identified. Over the last year, specific irritants have involved fishing rights, provincial liquor board practices, newsprint, footwear and beef. Of particular concern for Ontario has been a request for formal consultations under the GATT on provincial wine-pricing policies. Initial consultations with the EC have taken place and will continue in 1985.

In the interests of improving general relations with Europe, Ontario established offices in Paris and Brussels. Their goal is to contribute to the cultural and economic development of the Province by increasing the awareness in Europe of Ontario as a highly industrialized, diverse, multicultural society. In addition to participating in regular trade promotion and marketing activities, Ontario House in Paris and in Brussels have worked to stimulate interest in the Province through a series of cultural, educational, tourism and scientific initiatives. These contribute to the development of bilateral contacts and publicize the Province's diversified economic and industrial base, its resources and particular capabilities.



As well, Ontario House in Brussels monitors and reports on developments within the European Community. In 1983-84, the office prepared studies on the EC's Common Agricultural Policy, including wine and the tobacco industry. Reports have been prepared for provincial ministries regarding the reduction of working hours, occupational health and safety, freedom of information, pesticides, nickel, acid rain and environmental atmospheric pollution, and negotiations on Canadian newsprint quota reductions to the EC.

Over the past year the efforts of these offices have produced numerous results:

- In November 1983 the French Government selected Toronto architect Carlos Ott as the winner of the international competition to design the New Paris Opera House. The Agent General in Paris had provided assistance to Mr. Ott. This \$500 million project is expected to return a minimum of \$50 million to the Province.
- In June of 1984, the Canadian and Ontario Governments signed an agreement with American Motors Corporation, which is 46 per cent owned by Renault of France, to participate in the establishment of a state-of-the-art car assembly facility in Brampton, Ontario. The efforts of Ontario House in Paris facilitated the discussions with Renault.
- During 1984 Ontario welcomed private missions and regional politicians from Provence, Alpes, the Côte d'Azur and Puy-de-Dôme.
- Ontario participated in the St. Malo Fair, with an exhibit of "The Seeing Brain" from the Ontario Science Centre and a tourism display.
- In 1984 journalists from various French and Italian newspapers visited the Province and Ontario received wide coverage in Europe as a result.
- In the field of education, the Government welcomed five students from L'Ecole nationale d'administration, the elite graduate school for prospective French civil servants.
- Ontario House in Brussels and in Paris have been actively involved in promoting a number of cultural events, including the Festival of Festivals, the Bach Piano Competition, the 1985 Masters Games, the Toronto International Festival, and the Photo Electric Arts Foundation. In addition, TV Ontario's Octopuce series was sold to the Belgian TV network.
- As well, the Brussels office has been involved in an Investment Seminar for Dutch Businessmen in Holland, the Flanders Technology Fair in Belgium and an Ontario Investment day in Luxembourg.



## **The Outlook**

The immediate future for the European Community will be critical as the problems with the CAP, the budget and the accession of Spain and Portugal must be resolved. The financial crisis has reduced the capacity of member states to put the common good above national interests. Given this situation, the interests of the Community's external trading partners will remain secondary to its internal problems. As a result, Ontario will need to be more aggressive in improving relations and pursuing opportunities with the Community. The Province should not be reluctant to utilize bilateral relationships with the member states to press our views on Community matters.



#### IV ASIA/PACIFIC

There is great potential for increasing Ontario's economic and cultural activity with the nations of Asia and the Pacific region. The area is not only by far the world's largest in terms of geography and population, but also the most economically and politically diverse. Canada maintains close relations with these nations in a number of ways: with India, Australia and New Zealand through a shared Commonwealth heritage; with the People's Republic of China due to our trade relationship and relatively early recognition of that country; with Japan, Hong Kong, South Korea and the Philippines via extensive commercial dealings and with the region's less developed countries by means of participation in aid programs.

Ontario currently has offices in Hong Kong and Tokyo and will soon open an office in Singapore. In addition, a formal twinning arrangement is being discussed between Ontario and Jiangsu Province of the People's Republic of China. Also illustrative of the Province's regard for expanding contact with Asia, was the August 1984 announcement of financial support for the establishment of the Asia Pacific Foundation of Canada.

#### THE PEOPLE'S REPUBLIC OF CHINA

##### **The Context**

In an effort to improve productivity and modernize the economy, the People's Republic of China has instituted various significant reforms. For example, since 1979, four Special Economic Zones and, most recently, fourteen coastal cities have been opened to attract foreign investment and technology by offering a variety of incentives. In addition, direct authority to engage in foreign trade has been decentralized in recent years. Such trends have led to a marked increase in opportunities for trade and investment, in addition to greater international confidence in doing business with the P.R.C.

China is Canada's fifth largest export market with exports valued at \$1.6 billion in 1983. This resulted in a \$1.35 billion trade surplus for Canada. Wheat is the dominant commodity although its percentage of total exports has decreased to 57 per cent from 90 per cent in 1971. In 1982, manufactured goods accounted for only 0.5 per cent of total Canadian exports to China.

A highlight in 1984 was the visit to Canada of Premier Zhao Ziyang. Several other developments over the past year should assist in strengthening relations between the two countries, particularly in the economic sphere. In their current modernization drive, the Chinese have indicated that they are interested in Canadian goods and technology in several areas, including communications, aerospace, coal mining, petrochemicals, transportation, hydro transmission, electronic products, and health care. In January 1984 a Foreign Investment Insurance Agreement was signed between the Chinese Ministry of Foreign Economic Relations and Trade and Canada's Export Development Corporation.

## **Ontario's Interests**

Ontario has strong capabilities in the areas which have been singled out by China for priority development. The Chinese market, while offering many opportunities for Ontario exporters, is very competitive and requires both patience and commitment. A special approach is required. It is for this reason that Ontario is taking steps to develop a closer relationship with the People's Republic of China by entering into a formal twinning arrangement with Jiangsu Province. Once in place, this arrangement will involve exchange programs and activities in a broad range of sectors. It will not only facilitate access to that particular province's decision-makers, but will subsequently open doors to the rest of the country.

In addition to the twinning initiative, trade promotion activities have been stepped up considerably. In June 1984, the Minister of Industry and Trade, The Honourable Frank Miller, led a two-week business mission to China to explore trade, industrial joint ventures and technology transfer opportunities. Such activities will continue to be conducted by both the Ministry of Industry and Trade and the Ministry of Agriculture and Food.

## **JAPAN**

### **The Context**

Having weathered the economic recession with relative success, Japan is now enjoying a post-recession boom. The country continues to prosper despite ongoing attempts by its trading partners to reduce the enormous Japanese trade surplus. Real G.N.P. growth was 5.5 per cent in 1984, up from 3.7 per cent in 1983, with an estimate of 4.5 per cent for 1985. Unemployment remains low by world standards, although it rose from 2.4 per cent in 1982 to 2.7 per cent in 1984. There exists a government deficit of some 3 per cent of the G.N.P.

Japanese Prime Minister Yasuhiro Nakasone is faced with the problem of whether to cut this deficit at a time when the economy is rapidly improving. Nakasone supports a more austere budget for 1985 with reduced public spending and greater de-regulation. Other government leaders oppose major budget cuts while some economists are calling for an expansion of spending in the areas of technology and overseas investment. American pressures exist to increase defence spending and resolve the massive trade imbalance between the two countries.

Japan's phenomenal trade situation is the envy of the rest of the world. In 1983 the country recorded a trade surplus of US\$31.5 billion. Remarkably, according to some O.E.C.D. forecasts, this figure may reach US\$41 billion in 1984 and US\$47 billion in 1985. As a result of this success, Japan is under considerable international pressure to further open up its markets to foreign imports by reducing tariffs and relaxing import restrictions. Steps taken in this direction thus far remain unsatisfactory to Japan's trading partners. In the past both Canada and the United States have responded by imposing import quotas on automobiles, for example. Currently this widespread trend toward protectionism is the greatest economic threat faced by the Japanese who are highly dependent on trade. One means of easing the situation is through increased Japanese investment in areas with high trading deficits.



## **Ontario's Interests**

Canada, unlike most other countries, maintains a balance of trade advantage with Japan, our second most important trading partner. This advantage is rapidly declining, however, from over \$1 billion in 1982 to \$320 million in 1983. It is estimated that this downward trend continued in 1984. Japan is Ontario's fifth largest market. From 1978 to 1982 the average annual growth rate in provincial exports to Japan was 21 per cent, versus 6.8 per cent for Canada overall. The Province does not share Canada's trade advantage however; in 1983 our exports were valued at about \$260 million versus imports of over \$1.3 billion.

Over the course of 1983 and 1984 Ontario played an active role in developing trade and investment ties with Japan. The Province participated in an ongoing series of trade shows and seminars in the areas of "high-tech", electronics, automobiles, consumer products, tourism, food, agriculture, finance and investment opportunities for Japanese firms in Ontario.

It is in the sphere of automobile imports that the main irritant in relations with Japan can be found. In June 1983 Canada announced an agreement providing new limits on the number of Japanese cars to be imported for the period from January 1, 1983 to March 31, 1984. Nevertheless in July 1983 Premier Davis wrote to the Prime Minister to express Ontario's concern that the share of the automobile market enjoyed by Japanese imports remained too high. He argued that Canada's agreement with Japan failed to obtain significant investment commitments for Japanese vehicle and parts production in this country. While acknowledging that there would be some immediate benefits from import quotas, the Premier stated that in the long run, "It is imperative that our Government continue to pursue, aggressively, Japanese investment in Canada . . . New investment by foreign parts producers and vehicle manufacturers including through joint venture is preferable to the protectionism and the usual stresses and trade implications that may result". The federal government's December, 1983 Throne Speech expressed hope for the establishment of additional Japanese production facilities in Canada.

Talks between Canada and Japan to extend the import limit beyond March 31, 1984 reached agreement in June 1984. Ottawa announced an increase in the import quota from 153,000 to 166,000 units for the year ending March 31, 1985, subject to a possible review in January 1985. A major foreign investment initiative occurred in June 1984 when the Honda Motor Co. announced plans to establish a \$100 million assembly plant in Alliston, Ontario. This represents a positive step toward increasing the local content level in Japanese automobile production.

Japanese investment in Ontario extends beyond the automobile industry. Recent initiatives include the 1983 purchase of RCA's Midland plant by Mitsubishi and the establishment in Uxbridge of a plant to manufacture disposable lighters. Japan's finance ministry has announced figures showing that in fiscal 1983 Canada's share of Japan's direct foreign investment fell to 1.7 per cent from 2.2 per cent in fiscal 1982. Given the above-mentioned ventures it is estimated that this downward trend was reversed in 1984.

## **The Outlook**

While economic ties with Japan are increasing, competition for the yen is fierce and the Japanese are most discerning investors. Current efforts to attract Japanese investment, to increase the export of manufactured goods to Japan and to raise Ontario's commercial and cultural profiles should be maintained, if not increased. To be successful will require an equally aggressive attitude on the part of the private sector. This effort is especially timely due to Japan's abundance of funds for investment overseas and the growing pressures from her trading partners. The Japanese argue that because of their trade deficit with Canada, there is less justification for them to make trade or investment concessions than with the U.S., for example, with whom they enjoy a healthy trade surplus. This argument does not hold true for Ontario because of the trade surplus enjoyed by Japan with the Province.

As noted, Ontario recently began discussions with the People's Republic of China regarding a formal twinning arrangement. Consideration might be given to establishing similar ties with a Japanese prefecture, such as Osaka. Japanese prefectures now have formal agreements with 457 different constituencies worldwide, including 23 with Canada. Generally, benefits would be derived from increasing our mutual awareness by means of cultural and educational exchanges.

## **HONG KONG**

Hong Kong is the world's third largest financial centre. In 1984 an agreement was reached between the People's Republic of China and the United Kingdom concerning the fact that 1997 marks the expiry date for the British lease in Hong Kong and the transfer of authority to China. Under the terms of the agreement, Hong Kong will function as China's first "Special Administrative Region" for a period of 50 years. During this time Hong Kong is to retain its current political and economic characteristics.

Uncertainty among local residents during the negotiations has led to an increase in investment and emigration out of the area to, among other destinations, Ontario. Many students from Hong Kong now study at the Province's post-secondary institutions. Given that some uncertainty remains concerning Hong Kong's future, these trends may continue as 1997 approaches.

While in 1983 exports from Ontario to Hong Kong totalled \$93.5 million, imports to the Province exceeded \$385 million. This situation has been assisted by a general decline in the Hong Kong dollar, primarily due to the long-term political situation.

In order to promote Ontario's commercial interests, the Province currently maintains an office in Hong Kong. The Premier's visit in the fall of 1983 also illustrates the Province's recognition of the importance of developing contacts with this area. Given the new accord with the UK, Hong Kong may well become an even more important focal point for trade with China.

## ASSOCIATION OF SOUTHEAST ASIAN NATIONS, INDIA AND PAKISTAN

### ASEAN

The Association of Southeast Asian Nations (ASEAN) is composed of Indonesia, Malaysia, the Philippines, Singapore, Thailand and the most recent member, Brunei. In addition to positive bilateral relations with each of these countries, Canada has forged a distinct relationship with ASEAN itself. In September, 1981, Canada signed an Economic Cooperation Agreement with ASEAN for industrial, commercial and development cooperation. The Canada-ASEAN Joint Cooperation Committee was established in 1983 to promote cooperation under the agreement. In addition, the Secretary of State for External Affairs attends the annual meeting of the ASEAN Foreign Ministers.

The Province's 0.3 per cent share of the ASEAN market is worth about \$250 million per year. Further opportunities exist in the infrastructural and resource development sectors where Ontario has expertise in both the private and public sectors. The Government's marketing efforts in the ASEAN include regular trade missions and support for representation by Ontario companies in regional trade fairs. In October 1984 plans were announced to open a trade office in Singapore to develop export and investment opportunities with ASEAN's member countries.

Over the past years, Ontario has had the opportunity to promote its interests at the highest level. In the fall of 1983, Premier Davis led trade missions to Malaysia and Singapore. Early in 1984, Prime Minister Mahathir of Malaysia and Prime Minister Prem of Thailand both paid visits to Toronto where they had meetings with Ontario Government officials.

### INDIA

In 1983, the value of Ontario exports to India was \$94 million, more than double that of the previous year. Ontario imports from India grew to over \$47 million.

In February 1984, the Ministry of Industry and Trade and the Canadian Industrial Development Association sponsored a trade mission to India to capitalize on new opportunities in the telecommunications and energy sectors. Mr. Douglas Kennedy, M.P.P. and Parliamentary Assistant to the Minister of Intergovernmental Affairs, represented the Province on the mission. Prospects for further developing bilateral trade with India are promising, particularly in the resource development sector.



## **PAKISTAN**

Ontario's links with Pakistan were highlighted early in 1984 with the opening of the new Consulate of Pakistan in Toronto. Cultural ties are a main facet of the relationship, owing to the number of people of Pakistani origin who have settled in the Province.

Trade with Pakistan is limited, with exports from Ontario of \$16.8 million and imports of \$6 million in 1983. Opportunities for increasing sales from the Province exist primarily in large-scale development projects.

The Honourable Roy McMurtry, Attorney-General of Ontario, visited Pakistan in the spring of 1984 for discussions with senior justice officials.

## **ASIA PACIFIC FOUNDATION OF CANADA**

The Asia Pacific Foundation of Canada was established as a non-profit, independent institution in June 1984 in response to the growing importance to Canada of the countries of the Pacific Rim. The Foundation seeks to develop Canada's economic and social relations with the countries and institutions of the region through cultural, educational, business and public affairs programs. Funding is provided by various provinces, the federal government and the private sector.

Ontario supports the A.P.F. in the interests of expanding its many commercial and educational efforts currently focussing on the Pacific. Beginning in 1985 the Province will provide \$200,000 annually for up to five years to the Foundation, whose head office is located in Vancouver. Ontario representation will be included on the Foundation's Board of Directors.

## **V - LATIN AMERICA AND THE CARIBBEAN**

### **The Context**

Canada has long maintained diplomatic missions in most Latin American and Caribbean countries. In the former case linguistic and cultural barriers, as well as the influence of the United States, have contributed to the relatively low-key Canadian presence. Canada is not a full member of the Organization of American States (OAS) and has traditionally avoided involvement in the political problems of the region. The closer relationship with the Caribbean is based upon a common language and Commonwealth ties.

### **Ontario's Interests**

During the 1970s, Ontario's interests in Latin America grew considerably, as various countries were seen as potential export markets. Mexico, Argentina, Venezuela and Colombia were identified as prime targets for Ontario business. The liquidity crisis that has been affecting this region in the 1980s has slowed down trade initiatives. Nevertheless, exchanges of official visits have regularly occurred over the past year. Ontario has also participated in several mixed commissions with these countries regarding economic matters, as well as various cultural and educational exchanges.

The Province has much closer relations with the Caribbean for the reasons already cited and based upon the high number of West Indian immigrants to Ontario. Regular shipments of equipment, particularly medical and educational supplies, have been donated to several Caribbean nations. Co-operation in the fields of education and health is becoming increasingly significant.

### **The Outlook**

The economic problems facing some parts of Latin America, such as Brazil, Argentina and Mexico, are still overwhelming. Negotiations are currently underway concerning the payment of their massive foreign debts. Political instability and, in certain countries, highly publicized cases of human rights violations serve to discourage the development of Ontario's relations with Central and South America.

Currently the Province's economic activities in the area are cautious and restricted. No substantial short-term increase in economic benefits is expected in the near future. Despite its relative proximity, Latin America is not as high in Ontario's list of priorities as the Middle East or the Pacific Rim. The Caribbean countries are likely to remain a good market for Ontario.





## **VI – THE MIDDLE EAST**

### **The Context**

Canada is highly regarded in the Middle East, both in Israel and Arab countries. This is mainly due to the Canadian government's cautious approach to the Israeli-Arab conflict. Both sides perceive Canada as a kind of a "fair player" in the context of East-West relations. This view of our country as being somewhat more neutral than the United States, for example, is the main cause of the growing demand for a closer economic relationship with Canada. The federal government has encouraged the development of strong ties with a view to increasing economic relations. Ontario has supported federal efforts and is in a good position to share the resulting benefits.

### **Ontario's Interests**

The Middle East is increasingly becoming a major market for Ontario's exports of goods and services. Saudi Arabia, Kuwait, Oman, Bahrain and the United Arab Emirates are particularly interested in developing relations with the Province. Areas of most interest to Ontario include the export of manufactured goods, agricultural products and equipment and expertise in the fields of education, transportation and communications.

The developing relationship has recently become more visible as a result of some reciprocal, high-level visits:

- A 1984 mission to Saudi Arabia was headed by The Honourable James Snow. During this visit an agreement was signed for technical cooperation in the field of transportation between Ontario and the Saudi Kingdom. The agreement involves various short, middle and long-term proposals for participation by the Province in major technological projects in Saudi Arabia. These will include the provision of expertise from both the public and private sectors and will result in significant commercial spin-offs.
- In the spring of 1984 a mission headed by The Honourable Dennis Timbrell visited Kuwait, Oman, Bahrain, Saudi Arabia and Egypt. The trip was intended to boost sales of agricultural products and foodstuffs from Ontario.
- Also in the spring of 1984 a mission headed by The Honourable Bette Stephenson visited Oman, Bahrain and Kuwait for the purpose of selling Ontario's educational and training services. This highly successful trip was largely the result of extensive contacts developed by the then Ontario Educational Services Corporation.
- Several trade missions, sponsored by the Ontario Ministry of Industry and Trade, regularly visit Middle East countries.

## **The Outlook**

There is great potential for increasing Ontario's presence in the Middle East. Ontario's resources, particularly in the field of technological development, are of prime interest to the countries in this area. The resulting economic potential for the Province is outstanding, although the competition for this market is fierce.

Of main concern is the political instability of the area. The Arab-Israeli conflict, the Iraq-Iran war and ongoing religious and political tensions in the region are serious destabilizing forces. These factors could jeopardize Ontario's efforts for a stable, long-term economic relationship.

## VII - AFRICA

### FRANCOPHONE COUNTRIES

#### **The Context**

Canada's relations with the francophone countries of Africa have a special dimension in view of this country's French linguistic, cultural and political elements. They are pursued bilaterally and through the various international organizations composing what is known as La Francophonie. Bilateral ties are especially well-developed with Algeria, Morocco, the Ivory Coast and Senegal. The main component consists of aid programs carried out by the Canadian International Development Agency (CIDA) which provides equipment and technical expertise. As a matter of policy, the Province does not directly participate in bilateral aid programs.

Canada contributes financially to the organizations of La Francophonie, particularly to the Agence de coopération culturelle et technique (ACCT), in which the francophone African countries play an active role. The status of Quebec as a "gouvernement participant" in the ACCT has been a catalyst for Canadian participation. The federal government has sought to involve other provinces with significant francophone populations in the affairs of the ACCT. New Brunswick is also a "gouvernement participant", while Manitoba and Ontario have been involved in various international francophone projects, usually under the wing of the federal government.

#### **Ontario's Interests and the Outlook**

Relative to the U.S. and Western Europe, Ontario's bilateral relations with African francophone countries are not of major economic significance. Although there is room for improvement, trade relations with most of them are minimal. A recent approach from the government of Gabon offers good prospects for sales of Ontario mining and aircraft equipment and expertise. This kind of opportunity is likely to recur given that the more affluent countries of francophone Africa are developing new sources of expertise and technology in addition to their traditional supplier, France. Canada is in a good position to meet such requirements and Ontario may well share the benefits.

In recent years the Province has been represented in Canadian delegations to the Annual Meeting of ACCT, and to the Conference on Education and Scientific Research promoted by ACCT. In the past there has been occasional participation by Ontario representatives in meetings and projects of the Conferences of Ministers of Education (CONFEMEN) and of Youth and Sports (CONFESJES).



## OTHER AFRICAN COUNTRIES

### **The Context**

Relations with other African countries are generally good, again given Canada's image as an "honest broker" in most of the Third World. Concerning the Republic of South Africa, formal diplomatic relations continue, although the maintenance of apartheid by that government limits contacts at the official level. Canadian policy in this regard also applies to provincial governments. Trade with South Africa is still significant within the private sector.

### **Ontario's Interests and the Outlook**

Aside from the involvement of Ontario firms in CIDA's bilateral programs, relations with the non-francophone African countries are relatively limited. In 1983, the Ontario Government hosted a delegation headed by the Prime Minister of Zimbabwe, Robert Mugabe. Future co-operation with Ontario concerning the use of technology in education is one possible result of the discussions. The former Portuguese colonies of Angola and Mozambique are increasingly turning to the West for developmental assistance. With their extensive natural resources, they are potential markets for Ontario's services and manufactured goods.

## VIII - EASTERN EUROPE

### **The Context**

In general Ontario's international activities are pursued in accordance with Canadian foreign policy. This is particularly true of the Province's ties with Eastern Europe, given the realities of East-West relations. Canada's most significant bilateral accord is the 1971 Canada-USSR General Exchanges Agreement (GEA) which was intended to increase exchanges between the two countries. Fluctuating relations with the Soviet Union have regularly caused postponements in these exchanges. Recent contacts have included the 1983 visit to Canada of Mikhail Gorbachev, a senior member of the Politburo. In the same year, meetings of the Canada-USSR Mixed Economic Commission were held. Relations were subsequently marred by the Korean jet incident. Canada's bilateral ties with other East European countries are similarly affected by developments in overall East-West relations.

### **Ontario's Interests and the Outlook**

The Province's contact with Eastern Europe often concerns the problems of newly-arrived immigrants, regarding citizenship and personal financial matters, for example. With regard to the Soviet Union, Ontario has expressed some interest in participating in exchanges under the GEA in the areas of trade, technology and natural resources. While there exists potential for expanding Ontario's exports to Eastern Europe, developing this market has been a slow process because of the political considerations involved.







